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Viewing cable 06LIMA2366, CONGRESSMAN MEEKS DISCUSSES TRADE AND DEMOCRACY

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Reference ID Created Released Classification Origin 06LIMA2366 2006-06-13 21:02 2011-08-30 01:44 CONFIDENTIAL//NOFORN Embassy Lima Appears in these articles:

VZCZCXYZ0002 RR RUEHWEB

http://elcomercio.pe/

DE RUEHPE #2366/01 1642102
ZNY CCCCC ZZH
R 132102Z JUN 06
FM AMEMBASSY LIMA
TO RUEHC/SECSTATE WASHDC 0996
INFO RUEHBO/AMEMBASSY BOGOTA 3549
RUEHBU/AMEMBASSY BUENOS AIRES 2460
RUEHCV/AMEMBASSY CARACAS 9592
RUEHLP/AMEMBASSY LA PAZ JUN QUITO 0453
RUEHSG/AMEMBASSY SANTIAGO 0643
RUCPDOC/DEPT OF COMMERCE WASHINGTON DC

CONFIDENTIAL LIMA 002366

SIPDIS

SENSITIVE SIPDIS

USTR FOR AUSTR EEISSENSTAT AND BHARMAN, DEPT FOR WHA/AND, EB/TPP, WHA/EPSC COMMERCE FOR 4331/MAC/WH/MCAMERON

E.O. 12958: DECL: 06/08/2016

TAGS: ETRD ECON AA EINV PGOV PE

id: 67870

date: 6/13/2006 21:02 refid: 06LIMA2366 origin: Embassy Lima

origin: Embassy Lima classification: CONFIDENTIAL//NOFORN

destination: header: VZCZCXYZ0002 RR RUEHWEB

DE RUEHPE #2366/01 1642102
ZNY CCCCC ZZH
R 132102Z JUN 06
FM AMEMBASSY LIMA
TO RUEHC/SECSTATE WASHDC 0996
INFO RUEHBO/AMEMBASSY BOGOTA 3549
RUEHBU/AMEMBASSY BUENOS AIRES 2460
RUEHCV/AMEMBASSY CARACAS 9592
RUEHLP/AMEMBASSY LA PAZ JUN QUITO 0453
RUEHSG/AMEMBASSY SANTIAGO 0643
RUCPDOC/DEPT OF COMMERCE WASHINGTON DC

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CONFIDENTIAL LIMA 002366

SIPDIS

SENSITIVE SIPDIS

USTR FOR AUSTR EEISSENSTAT AND BHARMAN, DEPT FOR WHA/AND, EB/TPP, WHA/EPSC COMMERCE FOR 4331/MAC/WH/MCAMERON

E.O. 12958: DECL: 06/08/2016 TAGS: ETRD ECON AA EINV PGOV PE

SUBJECT: CONGRESSMAN MEEKS DISCUSSES TRADE AND DEMOCRACY

WITH PRESIDENT TOLEDO

Classified By: Amb. Curt Struble for Reason 1.4 (b&d)

- 11. (U) Summary: During an official visit to Peru, Congressman Gregory Meeks met with President Toledo to discuss the Peruvian Trade Promotion Agreement (PTPA), democracy and other issues. Toledo observed that the recent shift towards populism in the region would be temporary and the Chavez experiment would fail. He described the Peru-U.S. relationship as deeper than just trade, incorporating shared democratic values and a commitment to eradicating poverty and fighting terrorism and narco-trafficking. The trade accord would play a big role in reducing poverty. End Summary.
- 12. (U) Congressman Gregory Meeks visited Peru on May 26 to 28 for meetings with some of Peru,s most important economic sectors to discus the PTPA, democracy, poverty eradication, the status of the Afro-Peruvian people and other issues. President Toledo received Congressman Meeks at his home. The Congressman's Legislative Director, Sophia King, and Ambassador Struble accompanied him. The President was joined by his Minister of Foreign Trade and Tourism, Alfredo Ferrero, and by First Lady Eliane Karp. Septels will report on the other meetings.

Shared Values

13. (U) President Toledo opened with the observation that the U.S.-Peruvian relationship was not just about the Free Trade Agreement; rather the two countries had shared values in democracy, human rights, respect for freedom of the press and separation of powers. The Free Trade Agreement is a piece of the puzzle of poverty eradication, the President added. He wanted history to judge him for having been on the right side of that issue.

- 14. (SBU) Toledo declared that the region was going through a short-term swing of populism. Congressman Meeks noted that he was one of the few members of the US Congress who had a good relationship with Hugo Chavez, but added that Chavez, was not offering Latin American countries a useful solution. Toledo agreed, saying that the region was undergoing turbulence related to the failure of political leaders, including himself, to convert economic growth into social development. This had created a progressive lack of faith in democracy itself.
- 15. (SBU) Toledo said he had made some headway against poverty, bringing down the number of Peruvians living on \$2 a day or less from 54 to 48 percent during his five-years in office. In rural areas, that rate decreased from 77 to 68 percent. That was not enough, though, to arrest frustration. The health of democratic government was tied to poverty reduction. It was not an ideological issue, Toledo said, nor one of capitalism versus communism; it was about jobs.
- 16. (C) Like Congressman Meeks, Toledo said, he was a friend of Hugo Chavez, but he would not let Chavez destabilize the region. "We either share the values of democracy or we do not," Toledo said. The President complained that Chavez was interfering with electoral processes by financing candidates in Peru, Mexico, Bolivia and Nicaragua.
- 17. (SBU) Toledo emphasized that both the number of poor and the rate of inflation were up in Venezuela. The poor cannot protect themselves from inflation, he added. He said he took a different route, looking toward the future rather than engaging in populism and burning Peru,s foreign reserves. The result was a tripling of Peru,s exports and a doubling of its reserves.

Trade, Jobs and Drugs

18. (U) Toledo said that the United States and Peru also had a strong common interest in fighting narco-trafficking. The

drug trade was financing terrorism in the Andean region, he stated, and Peru needs to substitute jobs for coca plantations. He said he wants the U.S. Congress to help him free his people. Freedom was not just having the right to vote, rather it required the capacity to choose. It meant having an education, because if you could not defend your rights, you were not free.

Trade, Labor and Opportunities

- 19. (U) Congressman Meeks said that he wanted to help, but noted that some problems might come from the U.S. side rather than from Peru. Some people in the U.S. believed that the FTA might take advantage of the poor. These people were particularly concerned about the issue of labor rights and the lack of an enforcement mechanism in our trade agreements. The were concerned that the next administration in Peru might undercut progress the Toledo government had made in that area.
- 110. (U) President Toledo said that he had talked to President Bush and knew that the President believed in democracy. The FTA was a partnership. Peru, Toledo said, did not deserve charity but rather opportunity. The country was a member of the International Labor Organization (ILO) and was fully complying with the ILO commitments it had signed. He recalled that he met with the Black Caucus and was impressed with their concern for Peru. He wanted to assure them that he would not allow anyone to take advantage of his country.

Venezuelan Meddling

11. (C) President Toledo spoke of Venezuelan President Chavez, intervention in Peruvian politics, claiming that he had put \$6.5 million into the Peruvian Presidential campaign, and another \$16 million into Mexico's contest. Chavez wanted leadership and had money, but the poor would become poorer under the policies he was promoting. Toledo pointed to Chavez' actions in Bolivia, saying that Brazilian President Lula was very disappointed by the results. According to Toledo, Chavez was also putting up money to create problems in Peru, "100 Soles per family to create trouble".

The Legacy

- 112. (U) Toledo said that he was proud that he had not taken the populist course and, according to the latest poll, his approval rating was now at 52 percent. (Note: The highest poll we have seen puts Toledo's approval rating at 32 percent. End Note) "I'm leaving a solid economy," Toledo said, "with average growth over five years of 5.5 percent, inflation of 1.5 percent, a fiscal deficit of .002 percent, and market openings in China, the European Union, Chile and Mexico."
- 113. (U) Congressman Meeks said that President Toledo enjoyed the respect of many Democratic members of Congress, but some of his colleagues were uncertain what would happen after Toledo, since historically Peru,s presidents left the country when their terms finished. Toledo said that he would not go either to an international organization nor to academia; "I'm going to be a soldier for democracy and against poverty," he said. Congressman Meeks recommended that he join forces with former President Clinton.

Passing the Trade Accord

114. (U) Congressman Meeks concluded the meeting by saying he was uncertain before his trip whether it would be better to approve the FTA now or wait until later in the year. He was now convinced that the U.S. Congress needed to do it while Toledo was still in office.

Comment: Peru On The Cusp

115. (U) A proud and reflective President Toledo provided a broad case for the trade agreement and the strength of the U.S.-Peru relationship. He described a country in transition, leaving behind a turbulent past and on the cusp of big advances in democratic stability and poverty reduction. He sees the U.S.-Peruvian trade accord as a key element if Peru is to advance.

Congressman Meeks' office did not clear on this cable. STRUBLE